Tenants Contents Insurance – Overcoming the Hurdles of Reviewing your Scheme

Tenants contents insurance

People often say: ‘If it isn’t broken don’t fix it’. It’s human nature to assume everything is okay until something goes wrong. But something doesn’t have to necessarily be ‘broken’ to require improvements and updates, and Tenants Contents Insurance (TCI) is a prime example of this.

If you’re a Registered Social Landlord (RSL) then the financial wellbeing and security of your tenants has a major influence on the smooth running of your business. A critical factor in this is the provision of a ‘fit for purpose’ inexpensive but effective tenants contents insurance scheme. Most RSLs offer a scheme, but do they know if their schemes are still ‘fit-for purpose’ and competitive within the evolving insurance marketplace?

> The simple answer to this is no, many don’t. The only way they can know is by conducting a ‘best practice’ review. So, what’s stopping them?

Recently, it has been highlighted in our conversations with RSLs, that some wish to either change providers or conduct a review but they’ve found it difficult to overcome some of the hurdles in their way.

So, what are these barriers? The first might be seen as peer pressure. Announcing and conducting a best practice review if you’re already involved in a framework or affinity partnership can be viewed negatively, rather than as part of process of ongoing due diligence. The administration involved in conducting a review might also appear daunting and time-consuming.

Another factor might be a lack of resource forcing the cancellation of a scheme. There might also be resistance within your wider organisation, with executive teams failing to understand the benefits to the RSL of offering a scheme. Data privacy concerns and low take-up can be other negative factors.

Weighed against all these ‘hurdles’ is the importance of doing right by your residents and maintaining their trust. Residents need a level of protection that meets their current needs and circumstances. You need a scheme that can be administered in a way that is compatible with the functionality of your organisation.

> How can you overcome some of the more common barriers to conducting a review and obtaining the best tenants contents insurance for your residents?

We’ve identified five potential ‘hurdles’:

Administration

Administration can be a headache, but you do have a choice about how you choose to handle it. You can run it internally if you have the time and resource using an ‘insure with rent’ scheme, or, you can outsource the administration duties to your provider and their appointed team. This means it’s ‘hands-off’ for you as the landlord and this is called a third party administered scheme.

Some brokers may want to make changes to how your TCI scheme is set up, including the way in which the scheme is administered. In our experience, working together with a broker to grow the take-up of a scheme, while keeping the administration in house is the best way to have a successful scheme with high take-up from residents. Residents tend to trust the information and communications they receive from their landlord and dealing with 3rd parties can put them off to the point of refusal. Fully understanding both processes is key to making the right decision for you and your residents.

Frameworks

Using a Framework is quick and straightforward. Unfortunately, not all TCI providers use all the frameworks which means you may not be getting access to all the TCI providers. We have experienced confusion from clients around using a framework to procure TCI. The only way to assess the TCI market fully is through a best practice review or a formal tender as these are released to the open market and brokers can respond with their proposal from their dedicated TCI insurer.

Affinity Partnerships

Offering their residents access to a pre-arranged TCI is great, but it may discourage landlords from reviewing the scheme they offer, and potentially they may not be giving them access to the most competitive rates and covers. If you can’t conduct a review of your current scheme, the other option is to offer access to a second scheme, so that at least they have a choice.

Data Privacy

RSLs may be reluctant to enter GDPR-related territory when they have contacted residents in order to inform them of a change to their scheme. Of course, there are strict guidelines, but there are also well- established processes to enable these communications while remaining compliant.

Low Take-up

All TCI schemes need to start somewhere, and building a scheme takes time and effort from you as the landlord and support and dedication from your broker. Together you can invest in a scheme which will help residents become more resilient to financial shocks and market the scheme effectively to drive take-up. All schemes experience natural drop-off but the more residents you get on board, the more you will attract. If you're able to say with conviction that you're offering the best deal, then word will spread and there should be new residents joining the scheme every month. Training and communicating the benefits to your staff regularly will also help to drive take-up and minimise drop-off.

> Ultimately the 'hurdles' shouldn't prevent you from offering your residents the best TCI for their needs, because it's important for their wellbeing, and your peace of mind.

For some RSLs they may even consider removing access to a dedicated scheme for their residents altogether, and for many of the reasons we've discussed. Offering residents access to a bespoke scheme is vitally important because the schemes offer benefits and covers specifically designed for those who live in social housing – most schemes offer zero excess to pay on claims, pricing that is fixed for a set term regardless of claims maid, and a variety of payment options which suit their needs. If they have to access cover via the open market, they may not get the cumulative benefits of a bespoke TCI scheme provided via their landlord and are likely to find themselves paying more, which in turn is likely to put them off getting cover at all.

To discuss any of the issues raised in this article, please contact Joelle Nixon on 0330 433 1199.

About

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